

Message Text

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TO AMEMBASSY ALGIERS IMMEDIATE

C O N F I D E N T I A L STATE 083132

FOR LYNE FROM JAMESON

E.O. 11652: GDS

TAGS: BGEN, AG, US

SUBJECT: PARSONS-WHITTEMORE PROBLEMS

1. PARSONS-WHITTEMORE HAS ASKED ME TO TRANSMIT FOLLOWING
MESSAGE TO YOU:

2. QUOTE: DEAR MR. LYNE: I SPOKE TWO MONTHS AGO WITH
AMBASSADOR PARKER IN OUR OFFICES IN NEW YORK WHERE WE
DISCUSSED OUR THREE MAJOR PROJECTS IN ALGERIA WHICH ARE
IN VARIOUS STAGES OF COMPLETION.

3. A VERY DIFFICULT NEW DEVELOPMENT LEADS US TO EARNESTLY
REQUEST THAT YOU OR YOUR DESIGNATED REPRESENTATIVES
RECEIVE REPRESENTATIVES FROM PARSONS AND WHITTEMORE FRANCE,
OUR FRENCH SUBSIDIARY WHICH IS THE CONTRACTING PARTY ON
THE MOSTAGANEM PROJECT. WE ANTICIPATE THAT OUR MR. PIERRE
POULAIN, DIRECTOR OF FINANCE FOR PARSONS AND WHITTEMORE
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FRANCE, WILL BE REQUESTING SUCH AN APPOINTMENT WITHIN THE
NEXT TWO DAYS.

4. THE PROBLEM COMES FROM THE ACTION BY THE MINISTER OF
FINANCE BLOCKING ALL OF THE BANK ACCOUNTS IN ALGERIA
ASSOCIATED WITH OUR OPERATORS AT MOSTAGANEM, SAIDA (A
PROJECT INVOLVING OUR BRITISH SUBSIDIARY PANDW LYDDON)

AND EL HARRACH (ANOTHER PROJECT INVOLVING OUR BRITISH SUBSIDIARY). THE REASON FOR THIS BLOCKAGE IS A CLAIMED PROFIT TAX DEFICIENCY OF 148 MILLION DINARS RELATIVE TO THE MOSTAGANEM PROJECT RELATED TAXES. THE TOTAL SALES VALUE TO US OF THE MOSTAGANEM PROJECT IS 200 MILLION DINARS AND WE AND OUR FRENCH JOINT VENTURE PARTNERS, CREUSOT-LOIRE, HAVE IN FACT SUSTAINED SEVERE LOSSES ON THAT PROJECT.

5. NATURALLY, WE HAVE RESISTED ALL CLAIMS BY THE ALGERIAN AUTHORITIES THAT WE HAVE MADE ANY TAXABLE PROFITS, MUCH LESS ENOUGH PROFIT TO JUSTIFY AN EXCESS OF 150 MILLION DINARS IN PROFIT TAX CLAIMS. OUR REPRESENTATIVES WILL BE ABLE TO BRIEF YOU IN DETAIL ON THE TOTAL UNFAIRNESS OF THE POSITION TAKEN BY THE ALGERIAN TAX AUTHORITIES AND THE MINISTER OF FINANCE.

6. THE BLOCKAGE HAS THE EFFECT OF PARALYZING OUR MOSTAGANEM EFFORTS TO START UP THAT MILL AS WELL AS OUR EFFORTS TO START UP THE SAIDA MILL (WITH OUR CREUSOT-LOIRE PARTNERS) AND OUR EFFORTS TO FINISH THE WORK AT EL HARRACH. WE CANNOT PAY ANY BILLS.

7. WE WILL BE EARNESTLY REQUESTING THAT YOU MAKE THE APPROPRIATE OVERTURES TO THE MINISTER OF FINANCE AND THE MINISTER OF INDUSTRY ON OUR BEHALF AFTER YOU HAVE LEARNED THE COMPLETE STORY FROM OUR REPRESENTATIVES.

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8. UNLESS CORRECTED, THE SERIOUS NEGATIVE IMPLICATIONS OF THIS QUIXOTIC TREATMENT WILL BE FAR-REACHING RELATIVE TO ALL OTHER EFFORTS BY U.S. FIRMS TO DO MAJOR CONSTRUCTION IN ALGERIA AND WE BELIEVE WE HAVE BEEN OPERATING IN GOOD FAITH AND OUR POSITION IS A STRONG ONE.

9. WE VERY MUCH APPRECIATE YOUR ATTENTION TO THIS MATTER AND WE HOPE IT CAN BE RESOLVED QUICKLY AND FAIRLY. YOURS SINCERELY, THOMAS R. COOLIDGE, SENIOR VICE-PRESIDENT, PARSONS AND WHITTEMORE. END QUOTE.
VANCE

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